

IF YOU WANT TO KNOW MORE

Medicare Prescription Drug Coverage



Medicare is a health insurance program for:

- People age 65 or older
- People under age 65 with certain disabilities
- People of all ages with End-Stage Renal Disease (permanent kidney failure)

Beginning January 1, 2006, Medicare will offer prescription drug coverage. Most people will be able to get this coverage through Medicare prescription drug plans. Medicare will also work with employers and unions to ensure that people who currently receive drug coverage through their former employer or union can continue to do so.

Starting November 15, 2005, all people with Medicare can enroll in a plan that covers prescription drugs. Medicare will work with insurance companies and other private companies to offer these drug plans. The companies will negotiate discounts on drug prices on behalf of the people who enroll. Every person with Medicare will have a choice of at least two drug plans that cover both brand-name and generic drugs. There will be extra help for those who need it most.

MEDICARE PRESCRIPTION DRUG COVERAGE

Basics

Medicare prescription drug plans provide insurance coverage for prescription drugs. Like other insurance, if you join, you will pay a monthly premium, generally about \$37, plus a share of the cost of your prescriptions. Costs may be different depending on the drug plan you choose.

Drug plans may vary in the prescription drugs covered, how much you have to pay, and the pharmacies you can use. All drug plans will have to provide at least a standard level of coverage, which Medicare will set. However, some plans may offer more coverage and additional drugs for a higher monthly premium. When you join a drug plan, it's important for you to choose one that meets your needs. Some employers or other third parties may offer coverage that supplements the standard coverage.

If you are in fee-for-service Medicare and want Medicare prescription drug coverage, you will need to sign up for a prescription drug plan. These plans may vary in coverage. Generally, standard coverage works like this:

- You pay a \$250 deductible
- You pay 25% of drug costs from \$250 to \$2,250; Medicare will pay 75 percent
- You pay 100% of drug costs from \$2,250 to \$5,100
- After your total drug costs reach \$5,100 and you have paid \$3,600 in out-of-pocket costs, you pay only 5% of any costs above \$5,100; Medicare will pay the other 95 percent

In most cases, if you are enrolled in a **Medicare Advantage Plan**, (like an HMO or PPO), you will receive your Medicare prescription drug coverage through that plan.

Medicare will provide information about Medicare prescription drug plans, including how to choose and join a plan. In the fall of 2005, Medicare will mail you the **Medicare & You 2006** handbook, which will list the Medicare prescription drug plans available in your area.

Extra Help for Those Who Need it Most

If you have a limited income and resources, which includes your savings and stocks, but not your home, you may be able to get extra help. If you qualify, you will get help paying the monthly premium for your drug plan and/or some of the other costs for your prescriptions. The type of extra help will be based on the amounts of your income and resources.



In the summer of 2005, the Social Security Administration will send people with limited incomes information about how to apply for this extra help. If you think you qualify, you can apply with Social Security as early as summer 2005.

Eligibility and Enrollment

If you have Medicare Part A and/or Part B, you can join a Medicare prescription drug plan between November 15, 2005, and May 15, 2006. If you join by December 31, 2005, your Medicare prescription drug coverage will begin on January 1, 2006. If you join after that, your coverage will begin the first day of the month after the month you join.

To enroll in a plan, you must live in the plan's service area. You can enroll directly in a plan, or someone else can help you enroll. The plan will notify you if your application is accepted or not.

It is important that you join a Medicare prescription drug plan when you are first eligible. Medical practice has come to rely more and more on new drug therapies to treat chronic conditions, and out-of-pocket spending on drugs has increased dramatically. Most people with Medicare currently need or will come to need prescription drugs to stay healthy. Medicare prescription drug coverage will protect you from high out-of-pocket costs. For most people, joining when you are first eligible means that you will pay a lower monthly premium than if you wait to join later.

After May 15, 2006, you can enroll in a plan, drop a plan, or change plans only during the period November 15 through December 31 each year, except in certain situations. If you want to stay in the plan you are currently enrolled in for the next year, you don't have to do anything.

You May Need to Know

- As of January 2006, if you have both Medicare and full Medicaid benefits, you will no longer receive drug coverage through Medicaid. Medicare will provide your prescription drug coverage instead of Medicaid. If you have Medicare and full Medicaid benefits and do not choose a plan by December 31, 2005, Medicare will enroll you in one. However, you will be able to change plans at any time.
- Medicare prescription drug plans are different from the Medicare-approved drug discount cards that were available in 2004 and 2005. You can use your Medicare-approved drug discount card until May 15, 2006, or until you join a Medicare prescription drug plan—whichever is first.
- If you have a **Medigap (Medicare Supplement)** policy with drug coverage, you will get a notice from your insurance company telling you whether

or not your policy is as good as or better than Medicare prescription drug coverage. This notice will explain your rights and choices.

- If you have prescription drug coverage from an employer or union, your employer or union will notify you about whether your current drug coverage is as good as or better than Medicare prescription drug coverage. If it is, you can keep your current drug coverage, and if you decide to join a Medicare prescription drug plan later, your monthly premium won't be higher. If you drop your current drug coverage and join a Medicare prescription drug plan, you may not be able to get your employer or union drug coverage back.
- If you live in a U.S. territory and have a limited income and limited resources, you may get extra help paying for your prescription drug costs.
- If you are in a nursing home, you may get your prescription drugs from a long-term care pharmacy that contracts with a Medicare prescription drug plan.
- Your Medicare prescription drug plan must notify you 60 days before taking one of your prescriptions off its list of covered drugs.
- In the fall of 2005 you will be able to get personalized information to help you find a plan that meets your needs by visiting www.medicare.gov or by calling **1-800-MEDICARE** (1-800-633-4227). TTY users should call 1-877-486-2048. Your **State Health Insurance Assistance Program (SHIP)** and other local organizations will also be able to help you with your drug coverage decisions.



These materials were prepared in March 2005 by the Centers for Medicare & Medicaid Services. They are intended for training purposes only and are not legal documents.